

From: Brian Small <bsmall@swirecc.com> on 10/01/2007 04:20:09 PM

Subject: Truth in Lending

Good afternoon,

This email is a comment on the practices of Bank of America in regards to their credit cards. I have a Bank of America card which was issued by MBNA in '00. Bank of America sent me notice a short while ago indicating that they had purchased MBNA, but that the fair, openly disclosed services I had received from MBNA would continue.

Not so, a couple months ago I received notice that my rates were being raised from an "8.9% fixed rate for the duration of the balance transfer payoff" to 19.9%. I called their customer service number. I explained that I had never been late, never exceeded my limit and always sent the minimum payment, usually more. The service representative told me that my rate had been raised due to my credit score. I checked my score after getting off the phone and found out that a mistaken collection account belonging to my ex-wife had been placed on my account. The collection was removed.

The service rep told me that she could not help me with the rate increase but would transfer me to a department which could help. The second service rep told me that the first rep had been incorrect, that my rate had been raised because "You sometimes only send in the minimum monthly payment". I asked him how they could raise my "fixed rate". He replied that the rate was "fixed but not guaranteed". He also said he could not adjust my rate but said he could put me on a 16.9%, 72 month installment loan. He said if I was willing to also put my 8.9% Capital One balance on that loan that he could give me a 14.9% rate. I told him that I was not interested, that I thought Bank of America practiced extremely shady means of doing business and would either transfer my balance to another card or add it to the second mortgage on my house.

Two days after my conversation with the customer service department from Bank of America, I received a notice in the mail from them offering for me to "transfer all of my high rate credit cards to a Bank of America card with a 9.9% fixed rate". Out of curiosity, I called Bank of America and advised I wanted to transfer a high rate card. The rep asked me what card and the interest rate I was paying. I told them 19.9% to Bank of America. The rep told me that I could not transfer balances on their card, only other credit card company balances.

I did resolve the issue by refinancing my home and transferring the balance. Unfortunately, though I cut up 2 of my 4 credit cards (I have to have at least two for business travel. Try renting a car or getting a hotel room without a credit card!), my credit union advised not to cancel the cards. Apparently, your FICO score is not based on factors such as how long you have been at the same residence (26 years) or on the same job (9 years). Rather one of the large factors is how much credit you have available versus how much is actually being used. A person with an extremely large dollar limit of available revolving credit will score higher than a person who is responsible and limits the number of credit cards in their possession.

Fortunately, I did not carry extremely high balances and was able to escape Bank of America's practices. It is easy to see how many Americans can become trapped in the never ending sea of "You are pre-approved for a ridiculous amount of money which you cannot afford to payback, so we will jack up your rates to loan shark rates, and require you to spend the rest of your life attempting to pay us back" offers!

